

Components or parts added to a motor vehicle after it has been purchased do not qualify for the CDF Sales Tax Exemption. See the Department's proposed rules regarding the CDF Sales Tax Exemption, 86 Ill. Adm. Code 130.341. (This is a GIL.)

September 14, 2004

Dear Xxxxx:

This letter is in response to your letter dated November 18, 2003, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I am seeking clarification for the recently passed laws regarding CDF exemption on new vehicles in Illinois. ABC typically purchases vehicles from out of state vendors. My question particularly refers to straight trucks as the cab and chassis is purchased from one vendor and shipped to another vendor for the body, liftgate etc.. The completed vehicle is then shipped into Illinois to be titled and registered for lease or rental. We will be paying the Commercial Distribution Fee on all these vehicles based on the licensed weight that includes the weight of all the components.

There has been some question as to whether the component parts, already on the truck when it enters the state, are exempt or not, because they are purchased from and paid for to separate selling entities.

Pursuant to the extensive number of vehicles we purchase and the amount of tax in question, it is imperative that we know exactly how to proceed.

Also, on occasion, vehicles are brought into Illinois for a final component to be added by an Illinois vendor. Is this component, typically a liftgate and/or refrigeration unit, exempt under CDF? However, the vehicle is completely built before titling and registration.

Your prompt attention to my inquiry is greatly appreciated. If you have any questions or need further information, please contact me.

DEPARTMENT'S RESPONSE

Generally, the CDF Sales Tax Exemption would be available on the vehicle, ("cab and chassis"), at the time of the initial purchase. Component parts, ("body, lift gate, etc."), added to the vehicle after the initial purchase, would not qualify for the CDF Sales Tax Exemption. However, the additional components, including parts, may qualify for other exemptions.

Please see the Department's proposed rules regarding the CDF Sales Tax Exemption, Section 130.341. Subsection (d) of that rule specifically provides that parts do not qualify for the CDF Sales Tax Exemption. However, if applicable, such parts may qualify for the Rolling Stock Exemption. See proposed rule, Section 130.341(d). You may access the proposed rules on the Department's internet website.

I hope this information is helpful. If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess
Associate Counsel

EEB:msk